



**OFWAT BOARD**  
**Meeting held on Monday 13 June 2005**

**Members**

**Director General:**

Philip Fletcher

**Non-Executive Advisory Directors:**

Jane May

John Baker

**Executive Directors:**

Tony Smith

Keith Mason

Roger Dunshea

**In attendance:**

Fiona Pethick (Head of Corporate Affairs and Secretary to the Board)

Huw Brooker (Head of Legal Services)

Anna Whittington (Minute Secretary)

and

Item 3 – Tracey Anderson (Head of Regulatory Accounts)

Item 4 – Ingrid Olsen (Head of Parliamentary and Public Affairs)

**Apologies:**

Martin Cave

Roger Munson

Bill Emery

**1. Agree minutes of last meeting**

The Board agreed the minutes of the previous meeting held on 9 May 2005. The minutes will be published on the Ofwat website.

**2. Industry update**

The Executive provided an update on the latest developments in the water industry and at Ofwat. The Board discussed the long-term developments in the water industry and the development of Ofwat's approach to the new sustainable development duty.

The Board noted the following points:

- Ofwat will consult towards the end of 2005 on the length of the review period post 2010 and the expected continued use of the Retail Price Index for price setting.
- The importance of full involvement by companies in stakeholder work in preparation for the implementation of the Water Framework Directive.

- The possible implications for economic regulation of the draft Natural Environment and Rural Communities Bill, which gives the Secretary of State power to transfer her powers to third party bodies.
- The funding approval mechanism for the Water Services Regulation Authority is under consideration by Defra and HM Treasury.
- Defra has announced its appointments to the shadow board of the Consumer Council for Water. The National Assembly for Wales is responsible for the appointment of the Regional Committee Chair for Wales but this has yet to be announced.
- Competition Team's publication of the access code guidance has been delayed in order to allow for some final checks. These are near completion and Ofwat expects to publish the guidance by around the end of June.
- Ofwat has offered to give evidence to the new EFRA Committee following publication of Ofwat's annual report on 9 June.
- Ofwat has received an update on the leakage position in the Thames Water region.
  
- John Baker, Chair of the Review of PR04 Steering Group, provided a brief update on progress with the Review of PR04 project. The Steering Group needs to finalise arrangements for publishing its recommendations and report to the Ofwat Board.

### **3. Whistleblower**

The Board discussed progress on the Severn Trent Whistleblower investigation.

### **4. Stakeholder strategy**

The Board discussed Ofwat's working relationship with its key stakeholders and how it can improve relationships with some of its stakeholders. It will seek to ensure that the good working relationship it has established with WaterVoice is carried over to a constructive relationship with the independent CCW in the interests of customers.

The Board discussed Ofwat's key messages. The Board agreed that these need to be forward looking. It is now appropriate to shift the focus from the periodic review.

### **5. WSRA preparation**

The Board discussed progress towards setting up the Water Services Regulation Authority on which Defra is taking the lead. The WSRA will replace the Director General of Water Services rather than Ofwat as a whole.

The Board discussed the Board structure in relation to other similar organisations and the benefits of clearly defining up-front the roles of the Chairman and Chief Executive.

The Board also discussed the change in the role of Ofwat's current Executive and Non-Executive Advisory Directors. Under current arrangements, the Non-Executive Advisory Directors influence the Director General's decisions whereas under the WSRA all of the Authority members will be part of the Authority taking decisions.

Defra with the Chairman when appointed will need to decide upon the membership of the WSRA including the balance of Non-Executive and Executive directors.

Looking ahead, the WSRA will need to identify the areas which it reserves for Authority decisions or approval and which can be delegated to the Executive under the Authority's guidance.

**6. Agenda items for future Ofwat Board meetings**

The Board reviewed the items to be discussed at future Board meetings.

**7. Any other business**

Dame Yve Buckland and Maurice Terry will attend part of the next Ofwat Board meeting on 11 July. The Board will want to discuss how Ofwat and the CCW can best work together to help customers.

**Anna Whittington**